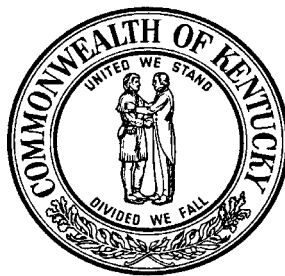


**REPORT OF THE AUDIT OF THE  
BARREN COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2005**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Davie D. Greer, Barren County Judge/Executive  
Members of the Barren County Fiscal Court

The enclosed report prepared by Simon, Underwood & Associates, PSC, Certified Public Accountants, presents the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barren County, Kentucky, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements.

We engaged Simon, Underwood & Associates, PSC to perform the audit of these financial statements. We worked closely with the firm during our report review process; Simon, Underwood & Associates, PSC evaluated the Barren County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**BARREN COUNTY FISCAL COURT**

**June 30, 2005**

Simon, Underwood & Associates, PSC has completed the audit of the Barren County Fiscal Court for fiscal year ended June 30, 2005.

We have issued unqualified opinions, based on our audit on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information financial statements of Barren County, Kentucky.

**Financial Condition:**

The fiscal court had net assets of \$7,432,638 as of June 30, 2005. The fiscal court had unrestricted net assets of \$1,250,239 in its governmental activities as of June 30, 2005, with total net assets of \$7,312,255. In its business-type activities, total net cash and cash equivalents were \$88,593 with total net assets of \$120,383. The fiscal court had total debt principal as of June 30, 2005 of \$7,203,882 with \$340,345 due within the next year.

**Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities.



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# Simon, Underwood & Associates PSC

*Certified Public Accountants and Consultants*

4020 Taylorsville Road  
Louisville, KY 40220

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Telephone: 502-456-4860

Facsimile: 502-456-4829

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Davie D. Greer, Barren County Judge/Executive

Members of the Barren County Fiscal Court

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County, Kentucky, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Barren County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Barren County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County, Kentucky, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the modified cash basis of accounting.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Davie D. Greer, Barren County Judge/Executive  
Members of the Barren County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Barren County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation of the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2005 on our consideration of Barren County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Simon, Underwood & Associates PSC". The script is cursive and fluid.

Simon, Underwood & Associates, PSC  
Certified Public Accountants and Consultants

Louisville, Kentucky  
November 4, 2005

BARREN COUNTY OFFICIALS

For The Year Ended June 30, 2005

**Fiscal Court Members:**

Davie D. Greer	County Judge/Executive
Krissie Coe Fields	Magistrate
Robert T. Groce	Magistrate
Carl H. Dickerson	Magistrate
Thomas Matthews	Magistrate
Howard N. Bowman, Jr.	Magistrate
Charles Allen	Magistrate
Dr. Steven M. Welborn	Magistrate

**Other Elected Officials:**

Jeff Sharp	County Attorney
Leland Cox	Jailer
Pamela S. Browning	County Clerk
Nancy B. Botts	Circuit Court Clerk
Barney E. Jones	Sheriff
Brad Bailey	Property Valuation Administrator
Michael T. Swift	Coroner

**Appointed Personnel:**

Karen Bracken	County Treasurer
Nancy Houchens	Deputy Judge
Sherry J. Jones	Finance Officer





## Barren County Judge/Executive

117 North Public Square - Suite 3A  
Glasgow, Kentucky 42141

Telephone 270/651-3338  
Fax 270/651-2844

### Management's Discussion and Analysis June 30, 2005

The financial management of Barren County, Kentucky offers readers of Barren County's financial statements this narrative overview and analysis of the financial activities of Barren County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our letter of transmission and the notes to the financial statements.

#### Financial Highlights.

- Barren County had net assets of \$7,432,638 as of June 30, 2005. The fiscal court had unrestricted net assets of \$1,250,239 in the governmental activities as of June 30, 2005. In the business type activities, cash and cash equivalents were \$88,593 with total assets of \$120,383. Total debt principal outstanding as of June 30, 2005 was \$7,203,882 with \$340,345 due within one year.
- The governmental activities total net assets increased by \$1,018,270 from the prior year.
- At the close of the current fiscal year, Barren County governmental funds reported current assets of \$2,188,290. Of this amount, \$2,053,690 is available for spending at the government's discretion (unreserved fund balance).
- Barren County's total indebtedness at the close of fiscal year June 30, 2005 was \$7,203,882 of which \$6,863,537 is non-current (due after 1 year) and \$340,345 is current (to be paid within 1 year). Debt additions were \$0, and debt reductions were \$370,402 for a net decrease of \$370,402 for the year. This decrease was due to the payment of principal on General Obligation and Revenue Bonds that was offset by an additional financing obligation to purchase an ambulance.

#### Overview of the Financial Statements.

This management discussion and analysis is intended to serve as an introduction to Barren County's basic financial statements. Barren County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Barren County**  
**Management's Discussion and Analysis**  
**June 30, 2005**  
**(Continued)**

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Barren County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of Barren County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Barren County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as timing for recognizing revenues, expenses, and related assets and liabilities.

Under the county's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from a cash transaction, except for the recording of depreciation expenses on capital assets in the government-wide financial statements for all activities and in the fund financial statements for the proprietary fund financial statements.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as amounts billed for services provided, but not collected) and accounts payable (expenses for goods and services received but not paid) or compensated absences are not recorded.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (*business-type activities*). Barren County's governmental activities include general government, protection to persons and property, roads, recreation, social services, debt service, capital projects, and administration. Barren County has one business type activity - Jail Canteen.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Barren County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Barren County can be divided into broad categories: *governmental funds* and *proprietary funds*.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend able resources, as well as on balances of spend able resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**Barren County**  
**Management's Discussion and Analysis**  
**June 30, 2005**  
**(Continued)**

**Governmental Funds (Continued).**

Because of focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Barren County maintains (10) ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Major Funds:

- General Fund
- Road Fund
- Jail Fund
- Recreational Department Fund
- Barren County Government Center Construction Fund

Non-major Funds:

- Local Government Economic Assistance Fund
- Work Release Fund
- Courthouse and Corrections Bond Fund – 1998 Series
- Federal Drug Forfeiture Fund
- Hiseville Cemetery Fund

Barren County adopts an annual appropriated budget. A budgetary comparison statement has been provided for the General Fund, Road and Bridge Fund, Jail Fund, and Recreational Department Fund to demonstrate compliance with their budgets.

**Proprietary Funds.** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jail Canteen Fund.

**Fiduciary Funds Financial Statements.** These funds are used to account for resources held for custodial purposes. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the programs of the County. The accounting used for fiduciary funds is much like that used for proprietary funds. The County's fiduciary funds are the 1996 Tax Escrow Fund, 1999 Tax Escrow Fund and 2002 Tax Escrow Fund.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Barren County**  
**Management's Discussion and Analysis**  
**June 30, 2005**  
**(Continued)**

**Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

**Table 1**  
**Barren County's Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2004	2005	2004	2005	2004	2005
<b>Assets</b>						
Current and other assets	\$ 2,229,156	\$ 2,188,290	\$ 71,563	\$ 88,593	\$ 2,300,719	\$ 2,276,883
Capital assets	11,639,112	12,327,847	35,029	31,790	11,674,141	12,359,637
Total Assets	13,868,268	14,516,137	106,592	120,383	13,974,860	14,636,520
<b>Liabilities</b>						
Current and other liabilities	370,402	340,345			370,402	340,345
Long-term liabilities	7,203,881	6,863,537			7,203,881	6,863,537
Total Liabilities	7,574,283	7,203,882			7,574,283	7,203,882
<b>Net Assets</b>						
Invested in capital assets, net of related debt	4,064,829	5,464,310	35,029	31,790	4,099,858	5,496,100
Restricted	576,252	597,706			576,252	597,706
Unrestricted	1,652,904	1,250,241	71,563	88,593	1,724,467	1,338,832
Total Net Assets	\$ 6,293,985	\$ 7,312,255	\$ 106,592	\$ 120,383	\$ 6,400,577	\$ 7,432,638

**Changes in Net Assets.**

*Governmental Activities.* Barren County's net assets increased by \$1,018,270 in fiscal year 2005. Key elements of this are as follows:

- Current assets and cash decreased \$40,866.
- Investment in capital assets and infrastructure, net of related debt increased \$1,399,481 primarily due to the inclusion of infrastructure and decreases in related long-term debt.
- Long-term liabilities decreased by \$370,401.



**Barren County**  
**Management's Discussion and Analysis**  
**June 30, 2005**  
**(Continued)**

**Changes in Net Assets (Continued).**

**Table 2**  
**Statement of Activities Comparison-Governmental Activities**

Expenses:	2004	2005	Variance
General Government	\$ 3,273,901	\$ 3,319,816	\$ 45,915
Protection to Persons and Property	1,962,057	2,204,787	242,730
General Health and Sanitation	463,894	513,917	50,023
Social Services	72,294	91,403	19,109
Recreation and Culture	439,103	581,934	142,831
Roads	1,056,621	1,172,145	115,524
Interest on Long-Term	450,118	548,884	98,766
Capital Projects	15,620	3,548	(12,072)
Total Expenses	<u>\$ 7,733,608</u>	<u>\$ 8,436,434</u>	<u>\$ 702,826</u>
Revenues:			
Charges for Services	\$ 539,558	\$ 878,301	\$ 338,743
Operating Grants and Contributions	3,843,388	3,724,906	(118,482)
Capital Grants and Contributions	465,641	634,746	169,105
General Revenues	4,157,351	4,216,751	59,400
			-
Change in Net Assets	1,272,330	1,018,270	(254,060)
			-
Beginning Net Assets	5,021,655	6,293,985	1,272,330
Ending Net Assets	<u>\$ 6,293,985</u>	<u>\$ 7,312,255</u>	<u>\$ 1,018,270</u>

*Business-type Activities.* Barren County's net assets increased by \$13,791 in fiscal year 2005. Key elements are as follows:

- Current assets and cash increased by \$17,030.
- Investment in capital decreased by \$3,239 due to depreciation expense.

**Financial Analysis of the County's Funds.**

As noted earlier, Barren County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

*Governmental Funds Overview.* The focus of Barren County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of June 2005 fiscal year, the combined ending fund balances of County governmental funds were \$2,188,290. Approximately 94% (\$2,053,690) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance (\$134,600) is reserved to indicate that it is not available for new spending because it is committed for the various encumbrances.

**Barren County  
Management's Discussion and Analysis  
June 30, 2005  
(Continued)**

**Financial Analysis of the County's Funds (Continued).**

The County has (5) five major governmental, and (5) non-major funds.

**Major Funds**

- General Fund
- Road Fund
- Jail Fund
- Recreational Department Fund
- Barren County Governmental Center Construction Fund

**Non-major Funds**

- Local Government Economic Assistance Fund
- Work Release Fund
- Courthouse and Corrections Bond Fund 1998 Series
- Federal Drug Forfeiture Fund
- Hiseville Cemetery Fund

1. The General Fund is the chief operating fund of Barren County. At the end of June 30, 2005 fiscal year, unreserved fund balance of the General Fund was \$1,217,334 while total fund balance was \$1,284,261. The County received \$3,473,352 in real and personal property, motor vehicle, and other taxes for approximately 57% of the county's general revenues. Various other service fees and miscellaneous revenues contribute to the remaining 43% of revenues.
2. The Road Fund is the fund related to County road and bridge construction and maintenance. At the end of June 30, 2005 fiscal year, unreserved fund balance of the Road Fund was \$694 while total fund balance was \$44,098. The fiscal year 2005 expenditures for the Road and Bridge Fund were \$2,194,804.
3. The Jail Fund is used to account for the operation of the County's detention program. At the end of June 30, 2005 fiscal year, unreserved fund balance of the Jail Fund was \$149,506 while total fund balance was \$173,775. The Jail Fund received \$988,588 for intergovernmental fees, primarily for housing prisoners. The General Fund contributed \$472,200 to the jail operations.
4. The Recreational Department Fund had a fund balance of \$9 as of June 30, 2005, for park construction.
5. The Barren County Governmental Center Construction Fund had a fund balance of \$521,273 as of June 30, 2005. These funds are for acquisition and future construction of governmental projects.
6. The Local Government Economic Assistance Fund had a fund balance of \$3,015 as of June 30, 2005, an increase of \$1,861 over the previous fiscal year end.
7. The Work Release Fund had a balance of \$132 as of June 30, 2005, an decrease of \$396 from the previous fiscal year end.
8. The Public Properties Corporation Courthouse and Corrections Bond Fund – 1998 Series had a fund balance of \$32,892 as of June 30, 2005. The funds are restricted for debt reduction only.

**Barren County  
Management's Discussion and Analysis  
June 30, 2005  
(Continued)**

**Financial Analysis of the County's Funds (Continued).**

*Governmental Funds Overview (Continued).*

9. The Federal Drug Forfeiture Fund had a fund balance of \$688 as of June 30, 2005. These funds are generated from the seizure of illegal drugs to be used by the County Task Force Program.
10. The Hiseville Cemetery Fund had a fund balance of \$128,147 as of June 30, 2005. These funds are for the maintenance and caretaking of the Hiseville Cemetery.

*Proprietary Funds Overview.* The County's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

Barren County has (1) one enterprise-type proprietary fund, it is:

- Jail Canteen Fund

The Jail Canteen Fund's unrestricted net assets at the end of June 30, 2005 fiscal year, amounted to \$88,593 and total assets were \$120,383.

**General Fund Budgetary Highlights.**

Barren County's budget was amended during the fiscal year increasing the budgeted amount by \$587,577. Budget amendments were made to various expenditures due to grants awarded in the fiscal year, surplus cash carried forward, additional miscellaneous receipts, and an increase in actual tax revenue.

Actual revenues were \$15,572 short of the budget. This variance was due to Intergovernmental Revenue and Interest Income. Interest on investments remains depressed.

**Capital Assets and Debt Administration.**

*Capital Assets.* Barren County's investment in capital assets for its government and business type activities as of June 30, 2005, amount to \$12,359,637 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, current infrastructure additions, and construction in progress for park improvements.

Major capital asset events during the 2005 fiscal year included the acquisition of the Hiseville Cemetery and gazebo, purchase of a food storage building, park improvements, and the purchase of several vehicles and other equipment.

Additional information of the County's capital assets can be found in Note 4 of this report.

**Barren County**  
**Management's Discussion and Analysis**  
**June 30, 2005**  
**(Continued)**

**Table 3**  
**Barren County's Capital Assets, Net of Accumulated Depreciation**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	2004	2005	2004	2005	2004	2005
Infrastructure Assets	\$575,054	\$1,329,774			\$575,054	\$1,329,774
Land	910,357	910,357			910,357	910,357
Const. In Progress	12,831	12,831			12,831	12,831
Bldgs. & Improvements	8,744,801	8,594,006			8,744,801	8,594,006
Other Equip.	882,771	906,768			882,771	906,768
Vehicles & Equip.	513,298	574,111	35,029	31,790	548,327	605,901
<b>Total Net Capital Assets</b>	<b>\$11,639,112</b>	<b>\$12,327,847</b>	<b>\$35,029</b>	<b>\$31,790</b>	<b>\$11,674,141</b>	<b>\$12,359,637</b>

*Long-Term Debt.* At the end of the 2005 fiscal year, Barren County had total debt outstanding of \$7,203,882. The totals are as follows: General Obligation Bonds \$2,795,000; Mortgage Revenue Bonds \$4,275,000. The County has (3) three financing obligations totaling \$133,882.

Additional information on the County's long-term debt can be found in Note 5 to the financial statements.

**Other Matters.** The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2005 fiscal year budget:

- The 2005 fiscal year adopted budget continues most services at current levels.
- Economic factors indicate continue growth for Barren County.

**Requests for Information.**

This financial report is designed to provide a general overview of Barren County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to the Barren County Treasurer, 117 North Public Square, Suite 3A, Glasgow, KY 42141.

**BARREN COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2005**



**BARREN COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2005**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,397,092	\$ 88,593	\$ 1,485,685
Investments	791,198		791,198
Total Current Assets	<u>2,188,290</u>	<u>88,593</u>	<u>2,276,883</u>
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Construction In Progress	12,831		12,831
Land and Land Improvements	910,357		910,357
Buildings	8,594,006		8,594,006
Other Equipment	906,768		906,768
Vehicles and Equipment	574,111	31,790	605,901
Infrastructure Assets - Net of Depreciation	<u>1,329,774</u>		<u>1,329,774</u>
Total Noncurrent Assets	<u>12,327,847</u>	<u>31,790</u>	<u>12,359,637</u>
Total Assets	<u>14,516,137</u>	<u>120,383</u>	<u>14,636,520</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Bonds Payable	255,000		255,000
Financing Obligations Payable	<u>85,345</u>		<u>85,345</u>
Total Current Liabilities	<u>340,345</u>		<u>340,345</u>
Noncurrent Liabilities:			
Bonds Payable	6,815,000		6,815,000
Financing Obligations Payable	<u>48,537</u>		<u>48,537</u>
Total Noncurrent Liabilities	<u>6,863,537</u>		<u>6,863,537</u>
Total Liabilities	<u>7,203,882</u>		<u>7,203,882</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	5,464,310	31,790	5,496,100
Restricted For:			
Capital Projects	521,273		521,273
Debt Service	32,892		32,892
Grant Projects	43,541		43,541
Unrestricted	<u>1,250,239</u>	<u>88,593</u>	<u>1,338,832</u>
Total Net Assets	<u>\$ 7,312,255</u>	<u>\$ 120,383</u>	<u>\$ 7,432,638</u>

The accompanying notes are an integral part of the financial statements.

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**BARREN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2005**

**BARREN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

		Program Revenues Received		
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 3,319,816	\$ 109,651	\$ 1,969,939	\$ 178,601
Protection to Persons and Property	2,204,787	768,650	301,660	7,478
General Health and Sanitation	513,917		59,166	
Social Services	91,403		34,132	
Recreation and Culture	581,934		40,000	
Roads	1,172,145		1,062,899	448,667
Debt Service	548,884		257,110	
Capital Projects	3,548			
Total Governmental Activities	8,436,435	878,301	3,724,906	634,746
Business-type Activities:				
Jail Canteen	221,201	528,581		
Total Business-type Activities	221,201	528,581		
Total Primary Government	\$ 8,657,636	\$ 1,406,882	\$ 3,724,906	\$ 634,746

**General Revenues:**

Taxes:
Real Property Taxes
Personal Property Taxes
Motor Vehicle Taxes
Other Taxes
Unrestricted Investment Earnings
Miscellaneous Revenues
Interfund Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**BARREN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2005**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (1,061,625)	\$	\$ (1,061,625)
(1,126,999)		(1,126,999)
(454,751)		(454,751)
(57,271)		(57,271)
(541,934)		(541,934)
339,421		339,421
(291,774)		(291,774)
(3,548)		(3,548)
(3,198,482)		(3,198,482)
	307,380	307,380
	307,380	307,380
(3,198,482)	307,380	(2,891,102)
1,830,586		1,830,586
229,385		229,385
302,193		302,193
1,211,236		1,211,236
33,709	655	34,364
308,470	6,929	315,399
301,173	(301,173)	
4,216,752	(293,589)	3,923,163
1,018,270	13,791	1,032,061
6,293,985	106,592	6,400,577
\$ 7,312,255	\$ 120,383	\$ 7,432,638

The accompanying notes are an integral part of the financial statements.

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**BARREN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2005**

**BARREN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2005**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Recreation Department Fund</b>	<b>Barren County Government Center Construction Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,116,106	\$ 44,098	\$ 173,775	\$ 9	\$ 19,230
Investments	168,155				502,043
Total Assets	<u>\$ 1,284,261</u>	<u>\$ 44,098</u>	<u>\$ 173,775</u>	<u>\$ 9</u>	<u>\$ 521,273</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	\$ 66,927	\$ 43,404	\$ 24,269	\$	\$
Unreserved:					
General Fund	1,217,334				
Special Revenue Funds		694	149,506	9	
Capital Projects Fund					521,273
Debt Service Fund					
Total Fund Balances	<u>\$ 1,284,261</u>	<u>\$ 44,098</u>	<u>\$ 173,775</u>	<u>\$ 9</u>	<u>\$ 521,273</u>

The accompanying notes are an integral part of the financial statements.

## BARREN COUNTY

## BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2005

(Continued)

Non-Major Governmental Funds	Total Governmental Funds
\$ 43,874	\$ 1,397,092
121,000	791,198
<u>\$ 164,874</u>	<u>\$ 2,188,290</u>

\$	\$ 134,600
	1,217,334
131,982	282,191
	521,273
<u>32,892</u>	<u>32,892</u>
<u>\$ 164,874</u>	<u>\$ 2,188,290</u>

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:**

Total Fund Balances	\$ 2,188,290
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	15,125,121
Accumulated Depreciation	(2,797,274)
Long-term Debt Is Not Due And Payable In The Current Period And, Therefore, Is Not Reported In The Funds.	
Financing Obligations	(133,882)
Bonded Debt	<u>(7,070,000)</u>
Net Assets Of Governmental Activities	<u>\$ 7,312,255</u>

The accompanying notes are an integral part of the financial statements.

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**BARREN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

**BARREN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Recreation Department Fund</u>
<b>REVENUES</b>				
Taxes	\$ 3,473,352	\$	\$	\$
In Lieu Tax Payments	100,048			
Licenses and Permits	109,651			
Intergovernmental	2,281,694	1,496,966	988,588	40,000
Charges for Services				
Miscellaneous	154,684	10,046	30,844	
Interest	16,231	1,757	404	
Total Revenues	<u>6,135,660</u>	<u>1,508,769</u>	<u>1,019,836</u>	<u>40,000</u>
<b>EXPENDITURES</b>				
General Government	2,105,806			
Protection to Persons and Property	969,077		1,213,371	
General Health and Sanitation	484,087	18,840		
Social Services	87,818			
Recreation and Culture	485,733			94,765
Roads		2,013,637		
Debt Service	523,147	31,514	6,105	
Capital Projects			3,548	
Administration	651,958	130,813	301,386	89
Total Expenditures	<u>5,307,626</u>	<u>2,194,804</u>	<u>1,524,410</u>	<u>94,854</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>828,034</u>	<u>(686,035)</u>	<u>(504,574)</u>	<u>(54,854)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	112,000	765,000	714,945	38,000
Transfers To Other Funds	(1,205,200)	(120,388)	(75,850)	
Total Other Financing Sources (Uses)	<u>(1,093,200)</u>	<u>644,612</u>	<u>639,095</u>	<u>38,000</u>
Net Change in Fund Balances	(265,166)	(41,423)	134,521	(16,854)
Fund Balances - Beginning	1,549,427	85,521	39,254	16,863
Fund Balances - Ending	<u>\$ 1,284,261</u>	<u>\$ 44,098</u>	<u>\$ 173,775</u>	<u>\$ 9</u>

The accompanying notes are an integral part of the financial statements.

**BARREN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2005**  
**(Continued)**

<b>Barren County</b>		
<b>Government</b>		
<b>Center</b>	<b>Non-Major</b>	<b>Total</b>
<b>Construction</b>	<b>Governmental</b>	<b>Governmental</b>
<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
\$	\$	\$ 3,473,352
		100,048
		109,651
	423,582	5,230,830
	8,453	8,453
	1,395	196,969
15,317	522	34,230
15,317	433,952	9,153,533
	4,690	2,110,496
	707	2,183,155
		502,927
	3,585	91,403
		580,498
	34,376	2,048,013
	330,521	891,286
		3,548
		1,084,246
	373,879	9,495,572
15,317	60,073	(342,039)
	76,206	1,706,151
	(3,540)	(1,404,978)
	72,666	301,173
15,317	132,739	(40,866)
505,956	32,135	2,229,156
\$ 521,273	\$ 164,874	\$ 2,188,290

The accompanying notes are an integral part of the financial statements.

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**BARREN COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**



**BARREN COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balances - Total Governmental Funds	\$	(40,866)
--	----	----------

Governmental Funds Report Capital Outlays As Expenditures. However, In The Statement Of Activities The Cost Of Those Assets Are Allocated Over Their Estimated Useful Lives And Reported As Depreciation Expense.

Capital Outlay		1,080,243
Depreciation Expense		(361,220)
Net Book Value Of Disposed Assets		(30,289)

Financing Obligations And Bond Principal Payments Are Expensed In The Governmental Funds As A Use Of Current Financial Resources. However, These Transactions Have No Effect On Net Assets.

Financing Obligations		130,402
Bond Payments		<u>240,000</u>

Change In Net Assets Of Governmental Activities	\$	<u><u>1,018,270</u></u>
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**BARREN COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2005**



**BARREN COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2005**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 88,593
Total Current Assets	<u>88,593</u>
Noncurrent Assets:	
Capital Assets:	
Vehicles and Equipment	64,763
Less Accumulated Depreciation	<u>(32,973)</u>
Total Noncurrent Assets	<u>31,790</u>
Total Assets	<u>120,383</u>
<b>Fund Net Assets</b>	
Invested in Capital Assets,	
Net of Related Debt	31,790
Unrestricted	<u>88,593</u>
Total Net Assets	<u>\$ 120,383</u>

The accompanying notes are an integral part of the financial statements.

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**BARREN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**



**BARREN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Operating Revenues</b>	
Canteen Receipts	\$ 528,581
Total Operating Revenues	<u>528,581</u>
<b>Operating Expenses</b>	
Cost of Sales	114,515
Educational and Recreational	5,197
Personnel Costs	25,869
Depreciation	3,239
Miscellaneous	4,748
Total Operating Expenses	<u>153,568</u>
Operating Income	<u>375,013</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest Income	655
Inmate Pay From State	6,929
Inmate Refunds	<u>(67,633)</u>
Total Nonoperating Revenues (Expenses)	<u>(60,049)</u>
Net Income Before Transfers	314,964
Interfund Transfers	
To Jail Fund	<u>(301,173)</u>
Change In Net Assets	13,791
Total Net Assets - Beginning	<u>106,592</u>
Total Net Assets - Ending	<u>\$ 120,383</u>

The accompanying notes are an integral part of the financial statements.

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**BARREN COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2005**



**BARREN COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2005**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts From Customers	\$ 528,581
Cost of Sales	(114,515)
Educational and Recreational	(5,197)
Personnel Costs	(25,869)
Miscellaneous	(4,748)
Net Cash Provided By Operating Activities	<u>378,252</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Inmate Pay From State	6,929
Inmate Refunds on Accounts	(67,633)
Transfers to Jail Fund	(300,817)
Transfers to Work Release Fund	(356)
Net Cash Used By Noncapital Financing Activities	<u>(361,877)</u>
<b>Cash Flows From Investing Activities</b>	
Interest Earned	<u>655</u>
Net Cash Provided By Investing Activities	<u>655</u>
Net Increase (Decrease) in Cash and Cash Equivalents	17,030
Cash and Cash Equivalents - July 1, 2004	<u>71,563</u>
Cash and Cash Equivalents - June 30, 2005	<u><u>\$ 88,593</u></u>

The accompanying notes are an integral part of the financial statements.

**BARREN COUNTY**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2005**  
**(Continued)**

	<b>Business-Type Activities - Enterprise Fund</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	<b>Jail Canteen Fund</b>
Operating Income (Loss)	\$ 375,013
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities	
Depreciation Expense	<u>3,239</u>
Net Cash Provided By Operating Activities	<u><u>\$ 378,252</u></u>

The accompanying notes are an integral part of the financial statements.

**BARREN COUNTY**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2005**



**BARREN COUNTY**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2005**

	<u>Agency Funds</u>			
	<u>1996 Tax Escrow Fund</u>	<u>1999 Tax Escrow Fund</u>	<u>2002 Tax Escrow Fund</u>	<u>Total Agency Funds</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 713	\$ 2,204	\$ 4,364	\$ 7,281
Total Assets	<u>\$ 713</u>	<u>\$ 2,204</u>	<u>\$ 4,364</u>	<u>\$ 7,281</u>
<b>Liabilities</b>				
Amounts Held In Custody For Others	\$ 713	\$ 2,204	\$ 4,364	\$ 7,281
Total Liabilities	<u>\$ 713</u>	<u>\$ 2,204</u>	<u>\$ 4,364</u>	<u>\$ 7,281</u>

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2005**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances), if applicable.

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Barren County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

Blended Component Units

The following legally separate organizations provide their services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. These organizations' balances and transactions are reported as though they are part of the county's primary government using the blending method.

**Barren County Public Properties Corporation**

The Barren County Fiscal Court appoints a voting majority of the Public Properties Corporation's governing board and has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Public Properties Corporation.

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Barren County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Barren County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Barren County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

**General Fund** - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

**Road Fund** - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**Jail Fund** - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**Recreation Department Fund** - This fund is for improvements and maintenance of a county park. The primary sources of revenue for this fund are grants from the state and federal government and private donations.

**Barren County Government Center Construction Fund** - The primary purpose of this fund is the acquisition or improvement of major capital facilities. The primary source of revenue for this fund is interest earned on investments.

The primary government also has the following non-major funds: Local Government Economic Assistance Fund, Federal Drug Forfeiture Fund, Hiseville Cemetery Fund, Work Release Fund, and the Public Properties Corporation Courthouse and Corrections Bond Fund - 1998 Series.

**Special Revenue Funds:**

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, Recreational Department Fund, Federal Drug Forfeiture Fund, Hiseville Cemetery Fund and Work Release Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

**Capital Projects Fund:**

The Barren County Government Center Construction Fund is presented as a capital projects fund. Capital projects funds are to account for the financial resources to be used for the acquisition or construction of major capital facilities.

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

**Debt Service Fund:**

The Public Properties Corporation Courthouse and Corrections Bond Fund – 1998 Series is presented as a debt service fund. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**Fiduciary Funds**

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary fund:

1996 Tax Escrow Fund, 1999 Tax Escrow Fund, and 2002 Tax Escrow Fund – These funds are used to account for surplus funds received from the Sheriff. If these funds are not claimed, they will be turned over to the Kentucky State Treasurer in accordance with KRS 393.090 and KRS 392.110.

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance, if applicable.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**J. Related Organizations, Joint Venture, and Jointly Governed Organizations**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Barren County Fiscal Court: Barren County Extension District.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following is considered a joint venture of the Barren County Fiscal Court: Joint City County Planning and Zoning Commission, Ambulance Service Corporation, Inc., Barren-Metcalf Emergency Communications Center, Barren County Tourism and Convention Center, and Barren Information Technology Systems.

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**J. Related Organizations, Joint Venture, and Jointly Governed Organizations (Continued)**

A regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that created the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility is a jointly governed organization. Based on these criteria, the following are considered jointly governed organizations of the Barren County Fiscal Court: Glasgow-Barren County Animal Shelter Board (Animal Shelter), and Glasgow-Barren County Industrial Development and Economic Authority (Industrial Development).

**Note 2. Deposits and Investments**

**A. Deposits**

The primary government and component units maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) in accordance with KRS 66.480 (1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the County's deposit may not be returned to it. The County does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**B. Investments**

As of June 30, 2005, the County had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Cost</u>
Federal National Mortgage Note	10/12/2007	\$ 240,000
Federal Home Loan Bank Bond	1/23/2008	\$ 250,000

**Interest Rate Risk**

The County does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to losses arising from changes in interest rates.

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

**Credit Risk**

KRS 66.480 limits the County's investments in the following: obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, obligations and contracts for future delivery or purchase of obligations backed by the United States or its agencies and obligations of any corporation of the United States Government. Certificates of Deposit issued by or other interest-bearing accounts of any bank or savings and loan institution insured by the Federal Deposit Insurance Corporation or similar entity. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency. Banker's acceptances for banks rate in one of the three highest categories by a nationally recognized rating agency. Commercial paper rated in the highest category by a nationally recognized rating agency. Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities. Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States and rated in one of the three highest categories by a nationally recognized rating agency. Shares of mutual funds meeting specific characteristics outlined in the statute shall be eligible investments. Also, the County is limited to investing no more than 20% in any one of the preceding investments as allowed by KRS 66.480. The County had no investment policy that would further limit its investment choices. In general, U.S. government obligations or obligations guaranteed by the U.S. government are not subject to investment credit risk or concentration of credit risk.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the county will not be able to recover the value of its investments held in the possession of an outside party. The County does not have an investment policy for custodial credit risk. The County's investments of \$490,000 were exposed to custodial credit risk as follows:

- \$490,000 uninsured and unregistered investments where the securities were held by the financial institution but not in the County's name

**Note 3. Operating Leases**

The fiscal court entered into various lease agreements for vehicles to be used by various county departments. Payments on operating leases are included in debt service on the statement of activities. The total expense related to these leases was \$144,732 for the fiscal year ended June 30, 2005. The future minimum lease payments for these leases are as follows:

Fiscal Year Ended June 30	Amount
2006	\$ 95,858
2007	88,510
2008	84,910
2009	82,632
2010	20,658
Total Minimum Lease Payments	<u>\$ 372,568</u>



**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 910,357	\$	\$	\$ 910,357
Construction In Progress	12,831			12,831
Total Capital Assets Not Being Depreciated	923,188			923,188
Capital Assets, Being Depreciated:				
Buildings	10,052,975			10,052,975
Other Equipment	1,559,603	83,935		1,643,538
Vehicles and Equipment	985,766	143,670	(92,784)	1,036,652
Infrastructure	616,129	852,638		1,468,767
Total Capital Assets Being Depreciated	13,214,473	1,080,243	(92,784)	14,201,932
Less Accumulated Depreciation For:				
Buildings	(1,308,175)	(150,794)		(1,458,969)
Other Equipment	(676,831)	(59,939)		(736,770)
Vehicles and Equipment	(472,469)	(52,569)	62,497	(462,541)
Infrastructure	(41,075)	(97,918)		(138,993)
Total Accumulated Depreciation	(2,498,550)	(361,220)	62,497	(2,797,273)
Total Capital Assets, Being Depreciated, Net	10,715,923	719,023	(30,287)	11,404,659
Governmental Activities Capital Assets, Net	<u>\$ 11,639,111</u>	<u>\$ 719,023</u>	<u>\$ (30,287)</u>	<u>\$ 12,327,847</u>
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Vehicles and Equipment	\$ 64,763	\$	\$	\$ 64,763
Total Capital Assets Being Depreciated	64,763			64,763
Less Accumulated Depreciation For:				
Vehicles and Equipment	(29,734)	(3,239)		(32,973)
Total Accumulated Depreciation	(29,734)	(3,239)		(32,973)
Total Capital Assets, Being Depreciated, Net	35,029	(3,239)		31,790
Business-Type Activities Capital Assets, Net	<u>\$ 35,029</u>	<u>\$ (3,239)</u>		<u>\$ 31,790</u>

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 4. Capital Assets (Continued)**

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 141,222
Protection to Persons and Property	54,996
General Health and Sanitation	10,990
Recreation and Culture	1,436
Roads, Including Depreciation of General Infrastructure Assets	<u>152,576</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 361,220</u>

Business-Type Activities

Jail Canteen	<u>\$ 3,239</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,239</u>

**Note 5. Long-term Debt**

**A. Mortgage Revenue Bonds, Series 1998 – Courthouse Renovation and Construction Project**

The Barren County Public Properties Corporation, an agency and instrumentality of the fiscal court issued obligations; dated July 1, 1998 and payable in 30 annual installments beginning February 1, 2000, with semi-annual interest payments at varying rates from 3.9% to 5.0%. The Corporation issued the bonds for the purpose of financing the cost of renovations and improvements to the Barren County Courthouse. In order to obtain funding for the project, the Fiscal Court executed deeds conveying the land and properties upon which the project was located to the Corporation.

The Corporation has entered into a lease agreement with the Fiscal Court whereby the Fiscal Court has leased the Barren County Courthouse on an annual rental basis at a rental equal to the amount of interest on and principal of the bonds coming due and payable on February 1 and August 1 of each year. The Fiscal Court has an exclusive option to renew the lease each July 1. Should the Fiscal Court renew the lease until the bonds mature February 1, 2029, the Corporation will convey the Barren County Courthouse to the Fiscal Court. Should the Fiscal Court terminate the option to the lease, the Fiscal Court will give possession of the property to the Corporation for the benefit of the bondholders.

Although the Fiscal Court is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements of the bonds for each year the lease agreement is renewed, the Fiscal Court expects to receive payments for the use of the Barren County Courthouse from the Kentucky Judicial Branch, Administrative Office of the Courts (AOC). The AOC will pay directly to the trustee a portion of the Fiscal Court's annual rental in the form of a use allowance. As of June 30, 2005, bonds outstanding, attributable to the renovations and improvements of the Barren County Courthouse, were \$3,535,000. Future principal and interest requirements are:

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**A. Mortgage Revenue Bonds, Series 1998 – Courthouse Renovation and Construction Project**  
**(Continued)**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2006	\$ 85,000	\$ 171,230
2007	85,000	167,575
2008	90,000	163,835
2009	95,000	159,875
2010	100,000	155,695
2011-2015	565,000	706,773
2016-2020	710,000	559,360
2021-2025	905,000	365,250
2026-2029	900,000	115,000
Totals	<u>\$ 3,535,000</u>	<u>\$ 2,564,593</u>

**B. Mortgage Revenue Bonds, Series 1998 - Correction Center Project**

The Barren County Public Properties Corporation, an agency and instrumentality of the fiscal court issued obligations; dated July 1, 1998 and payable in 20 annual installments beginning February 1, 2000, with semi-annual interest payments at varying rates from 3% to 4.8%. The Corporation issued the bonds for the purpose of financing the costs of renovations and improvements to the Barren County Corrections Center. In order to obtain funding for the project, the Fiscal Court executed deeds conveying the land and properties upon which the project was located to the Corporation.

The Corporation has entered into a lease agreement with the Fiscal Court whereby the Fiscal Court has leased the Barren County Corrections Center on an annual basis at a rental equal to the amount of interest on and principal of the bonds coming due and payable on February 1 and August 1 of each year. The Fiscal Court has an exclusive option to renew the lease each July 1. Should the Fiscal Court renew the lease until the bonds mature February 1, 2029, the Corporation will convey the Barren County Corrections Center to the Fiscal Court. Should the Fiscal Court terminate the option to the lease, the Fiscal Court will give possession of the property to the Corporation for the benefit of the bondholders. As of June 30, 2005, bonds outstanding were \$740,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2006	\$ 45,000	\$ 34,130
2007	45,000	32,195
2008	45,000	30,215
2009	50,000	28,235
2010	50,000	26,035
2011-2015	295,000	93,068
2016-2018	210,000	20,640
Totals	<u>\$ 740,000</u>	<u>\$ 264,518</u>

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**C. General Obligation Bonds, Series 2000**

The Fiscal Court issued obligations, dated May 15, 2000 and payable in 20 annual installments beginning May 1, 2001, with semi-annual interest payments at rates ranging from 5.35% to 5.50%. The Fiscal Court issued the bonds for the purpose of financing the cost of constructing a courthouse annex. As of June 30, 2005, bonds outstanding were \$2,795,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2006	\$ 125,000	\$ 151,020
2007	135,000	144,458
2008	140,000	137,370
2009	150,000	130,020
2010	155,000	122,145
2011-2015	905,000	478,307
2016-2020	1,185,000	202,950
Totals	<u>\$ 2,795,000</u>	<u>\$ 1,366,270</u>

**D. Defibrillators**

On December 21, 2001, Barren County entered into an agreement with Kentucky Association Of Counties Leasing Trust for the purchase of LifePak 12 Defibrillators. The principal was \$122,000 at an effective interest rate of 3.4% for a period of 4 years with interest paid monthly and principal paid annually. The principal outstanding as of June 30, 2005, is \$32,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest and Fees
2006	\$ 32,000	\$ 781
Totals	<u>\$ 32,000</u>	<u>\$ 781</u>

**E. Dump Trucks**

On January 16, 2002, Barren County entered into an agreement with Kentucky Association Of Counties Leasing Trust for the purchase of Dump Trucks. The principal was \$141,000 at an effective interest rate of 3.25% for a period of 5 years with interest paid monthly and principal paid annually. The principal outstanding as of June 30, 2005, is \$59,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2006	\$ 29,000	\$ 1,891
2007	30,000	706
Totals	<u>\$ 59,000</u>	<u>\$ 2,597</u>

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**F. Ambulances (Barren County Lease #5)**

On February 26, 2004, Barren County entered into an agreement with Kentucky Association Of Counties Leasing Trust for the purchase of an Ambulance. The principal was \$77,727 at an effective interest rate of 1.91% for a period of 3 years with interest paid monthly and principal paid annually. The principal outstanding as of June 30, 2005, is \$42,882. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2006	\$ 24,345	\$ 910
2007	18,537	270
Totals	<u>\$ 42,882</u>	<u>\$ 1,180</u>

**G. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 2,915,000	\$	\$ 120,000	\$ 2,795,000	\$ 125,000
Revenue Bonds	4,395,000		120,000	4,275,000	130,000
Financing Obligations	<u>264,283</u>		<u>130,402</u>	<u>133,882</u>	<u>85,345</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 7,574,283</u>	<u>\$</u>	<u>\$ 370,402</u>	<u>\$ 7,203,882</u>	<u>\$ 340,345</u>

**Note 6. Interest On Long-term Debt, Financing Obligations, And Lease Payments**

Debt Service on the Statement of Activities includes \$7,738 in interest on financing obligations and \$367,840 in interest on bonds. Operating lease payments are also included in debt service.

**Note 7. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 22.08 percent.

**BARREN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(Continued)**

**Note 7. Employee Retirement System (Continued)**

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 8. Deferred Compensation**

On September 4, 2002, the Barren County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 105 Sea Hero Road, Suite 1, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 9. Insurance**

For the fiscal year ended June 30, 2005, Barren County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**BARREN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**





**BARREN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,250,500	\$ 3,290,700	\$ 3,473,352	\$ 182,652
In Lieu Tax Payments	90,500	98,017	100,048	2,031
Excess Fees	2,000	2,000		(2,000)
Licenses and Permits	25,000	92,325	109,651	17,326
Intergovernmental Revenue	2,335,366	2,504,861	2,281,694	(223,167)
Miscellaneous	122,204	142,829	154,684	11,855
Interest	20,500	20,500	16,231	(4,269)
Total Revenues	5,846,070	6,151,232	6,135,660	(15,572)
<b>EXPENDITURES</b>				
General Government	2,482,978	2,524,068	2,105,806	418,262
Protection to Persons and Property	977,940	1,206,789	969,077	237,712
General Health and Sanitation	463,632	494,457	484,087	10,370
Social Services	97,500	101,131	87,818	13,313
Recreation and Culture	465,300	486,900	485,733	1,167
Debt Service	530,460	534,560	523,147	11,413
Administration	611,200	868,682	651,958	216,724
Total Expenditures	5,629,010	6,216,587	5,307,626	908,961
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	217,060	(65,355)	828,034	893,389
<b>OTHER FINANCING SOURCES (USES)</b>				
Financing Obligation Proceeds			112,000	112,000
Transfers From Other Funds			(1,205,200)	278,872
Transfers To Other Funds	(1,144,260)	(1,484,072)	(1,093,200)	390,872
Total Other Financing Sources (Uses)	(1,144,260)	(1,484,072)	(1,093,200)	390,872
Net Changes in Fund Balance	(927,200)	(1,549,427)	(265,166)	1,284,261
Fund Balance - Beginning	927,200	1,549,427	1,549,427	
Fund Balance - Ending	\$	\$	\$ 1,284,261	\$ 1,284,261

**BARREN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**  
**(Continued)**

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 1,258,390	\$ 1,526,479	\$ 1,496,966	\$ (29,513)
Miscellaneous	100	100	10,046	9,946
Interest	3,000	3,000	1,757	(1,243)
Total Revenues	1,261,490	1,529,579	1,508,769	(20,810)
<b>EXPENDITURES</b>				
General Health and Sanitation	50,000	41,612	18,840	22,772
Roads	1,443,900	2,110,629	2,013,637	96,992
Debt Service	31,400	32,550	31,514	1,036
Administration	170,200	137,232	130,813	6,419
Total Expenditures	1,695,500	2,322,023	2,194,804	127,219
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(434,010)	(792,444)	(686,035)	106,409
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	434,010	727,510	765,000	(37,490)
Transfers To Other Funds		(20,587)	(120,388)	99,801
Total Other Financing Sources (Uses)	434,010	706,923	644,612	62,311
Net Changes in Fund Balance		(85,521)	(41,423)	168,720
Fund Balance - Beginning		85,521	85,521	
Fund Balance - Ending	\$	\$	\$ 44,098	\$ 168,720

**BARREN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 703,000	\$ 802,500	\$ 988,588	\$ 186,088
Charges for Services	145,000	154,600		(154,600)
Miscellaneous	132,300	171,600	30,844	(140,756)
Interest	300	300	404	104
Total Revenues	980,600	1,129,000	1,019,836	(109,164)
<b>EXPENDITURES</b>				
Protection to Persons and Property	1,270,400	1,352,988	1,213,371	139,617
Debt Service	9,000	7,250	6,105	1,145
Capital Projects	13,000	14,500	3,548	10,952
Administration	322,600	422,935	301,386	121,549
Total Expenditures	1,615,000	1,797,673	1,524,410	273,263
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(634,400)	(668,673)	(504,574)	164,099
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	710,250	705,269	714,945	9,676
Transfers To Other Funds	(75,850)	(75,850)	(75,850)	
Total Other Financing Sources (Uses)	634,400	629,419	639,095	9,676
Net Changes in Fund Balance		(39,254)	134,521	173,775
Fund Balance - Beginning		39,254	39,254	
Fund Balance - Ending	\$	\$	\$ 173,775	\$ 173,775

**BARREN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2005**  
**(Continued)**

<b>RECREATION DEPARTMENT FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue	\$	\$ 40,000	\$ 40,000	\$
Total Revenues		40,000	40,000	
<b>EXPENDITURES</b>				
Recreation and Culture	2,000	94,773	94,765	8
Administration		90	89	1
Total Expenditures	2,000	94,863	94,854	9
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(2,000)	(54,863)	(54,854)	9
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds		38,000	38,000	
Total Other Financing Sources (Uses)		38,000	38,000	
Net Changes in Fund Balances	(2,000)	(16,863)	(16,854)	9
Fund Balances - Beginning	2,000	16,863	16,863	
Fund Balances - Ending	\$	\$	\$ 9	\$ 9

**BARREN COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2005**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

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**BARREN COUNTY  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Other Supplementary Information**

**June 30, 2005**

**BARREN COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2005**

	<b>Local Government Economic Assistance Fund</b>	<b>Federal Drug Forfeiture Fund</b>	<b>Hiseville Cemetery Fund</b>	<b>Courthouse and Corrections Bond Fund 1998 Series</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,015	\$ 688	\$ 7,147	\$ 32,892
Investments			121,000	
Total Assets	<u>\$ 3,015</u>	<u>\$ 688</u>	<u>\$ 128,147</u>	<u>\$ 32,892</u>
<b>FUND BALANCES</b>				
Unreserved:				
Special Revenue Funds	\$ 3,015	\$ 688	\$ 128,147	
Debt Service Fund				32,892
Total Fund Balances	<u>\$ 3,015</u>	<u>\$ 688</u>	<u>\$ 128,147</u>	<u>\$ 32,892</u>



**BARREN COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**June 30, 2005**  
**(Continued)**

<b>Work Release Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 132	\$ 43,874
	121,000
<u>\$ 132</u>	<u>\$ 164,874</u>

\$ 132	\$ 131,982
	32,892
<u>\$ 132</u>	<u>\$ 164,874</u>

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**BARREN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2005**

**BARREN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2005**

	<b>Local Government Economic Assistance Fund</b>	<b>Federal Drug Forfeiture Fund</b>	<b>Hiseville Cemetery Fund</b>	<b>Courthouse and Corrections Bond Fund 1998 Series</b>
<b>REVENUES</b>				
Intergovernmental	\$ 36,225	\$	\$ 130,757	\$ 256,600
Charges for Services			975	
Miscellaneous		1,395		
Interest	12			510
Total Revenues	<u>36,237</u>	<u>1,395</u>	<u>131,732</u>	<u>257,110</u>
<b>EXPENDITURES</b>				
General Government				
Protection to Persons and Property		707		
Social Services			3,585	
Roads	34,376			
Debt Service				330,521
Total Expenditures	<u>34,376</u>	<u>707</u>	<u>3,585</u>	<u>330,521</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,861</u>	<u>688</u>	<u>128,147</u>	<u>(73,411)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds				75,850
Transfers To Other Funds				
Total Other Financing Sources (Uses)				<u>75,850</u>
Net Change in Fund Balances	1,861	688	128,147	2,439
Fund Balances - Beginning	1,154			30,453
Fund Balances - Ending	<u>\$ 3,015</u>	<u>\$ 688</u>	<u>\$ 128,147</u>	<u>\$ 32,892</u>

**BARREN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2005**  
**(Continued)**

<b>Work Release Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$	\$ 423,582
7,478	8,453
	1,395
	522
<u>7,478</u>	<u>433,952</u>
4,690	4,690
	707
	3,585
	34,376
	330,521
<u>4,690</u>	<u>373,879</u>
<u>2,788</u>	<u>60,073</u>
356	76,206
<u>(3,540)</u>	<u>(3,540)</u>
<u>(3,184)</u>	<u>72,666</u>
(396)	132,739
528	32,135
<u>\$ 132</u>	<u>\$ 164,874</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





# Simon, Underwood & Associates PSC

*Certified Public Accountants and Consultants*

4020 Taylorsville Road  
Louisville, KY 40220

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Telephone: 502-456-4860

Facsimile: 502-456-4829

The Honorable Davie D. Greer, Barren County Judge/Executive  
Members of the Barren County Fiscal Court

## Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County, Kentucky, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated November 4, 2005. Barren County presents its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Barren County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance And Other Matters

As part of obtaining reasonable assurance about whether Barren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of material noncompliance or other matters that are required to be reported under Government Auditing Standards.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

*Simon, Underwood & Associates PSC*

Simon, Underwood & Associates PSC  
Certified Public Accountants and Consultants

Louisville, Kentucky  
November 4, 2005

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**BARREN COUNTY FISCAL COURT**

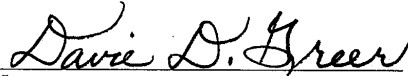
**For The Fiscal Year Ended  
June 30, 2005**



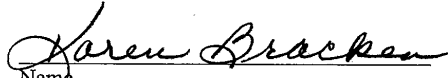
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
BARREN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2005

The Barren County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name  
County Judge/Executive



Name  
County Treasurer